

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: NAHB Housing Market Index	Jan	N/A	74.0
Australia: Westpac Consumer Confidence Index	Jan	N/A	103.30
Japan: Core Machine Tool Orders YoY	Nov	0.40%	2.30%
Russia: Exports / Imports	Nov	USD32.7bn/22.3bn	USD31.4bn/21.6bn

Source: Bloomberg

II. Macro News

- **Singapore Council Seeks Feedback on Corporate Governance Code.** In an attempt to boost investor confidence in Singapore's capital markets and support innovation, a council formed by the city-state's central bank released a consultation paper Tuesday revising its recommendations for corporate governance. [Bloomberg]
- **China Targets Faster Loan Growth for Impoverished Areas by 2020.** China's central bank issued new policies aimed at steering funding to poor areas of the country, the latest step in Beijing's "critical battles". New loans in severely impoverished areas will grow at a faster pace than the provincial average by 2020, according to a notice jointly released by the PBOC and three other financial regulators. [Bloomberg]
- **Shenzhen to step up development cooperation with HK, Macao.** According to the political advisors in Shenzhen, the southern mainland city of Shenzhen needs to play a greater role in the setting up of the Guangdong-Hong Kong-Macao Greater Bay Area, an ambitious central government initiative aimed at boosting regional development of the three areas. [China Daily]

III. Industry News

- **Hong Kong's key index advances to close at a record on optimism 2018 will be the year of the IPOs.** Hong Kong's benchmark stock index rose 1.8% to close at a historical high, on optimism the city's stock exchange would see a flurry of IPOs this year that would help it regain its crown as the world's favourite destination for raising capital. [SCMP]
- **Chinese state enterprises post record level of profits in 2017.** Total profit at enterprises owned by China's central govt rose 15.2% in 2017 to RMB1.4tn, state media reported, citing figures released at a govt conference. The total profit was the highest ever, while the rate of growth was the highest in five years, according to state-run news agency Xinhua. [SCMP]
- **Companies seeking to list dual-class shares may get green light to apply for Hong Kong listing by end June.** New economy companies seeking to list dual-class shares in Hong Kong could be eligible to apply by the end of June, according to HKEX chief executive Charles Li Xiaojia on Tuesday. [SCMP]

IV. Corporate News

- **Guangzhou Auto Expects 2017 Net to Rise up to 85% Year on Year.** Guangzhou Auto posted net income of 6.29 billion yuan in 2016, according to statement to Shanghai stock exchange. The company cites main business growth for net increase. [Bloomberg]
- **China CSRC Approves IPO of Jiangsu Financial Leasing.** China Securities Regulatory Commission approved the IPO for first time from a financial leasing company, Securities Times reports. The company seeks IPO on the Shanghai stock market, according to prospectus posted on CSRC website in 2016. [Bloomberg]

- **Capital Group Is Said to Eye Stake in China Biotech Unicorn.** Capital Group Cos., the U.S. asset manager that's been backing startups in emerging markets, is in talks to invest in Chinese biopharmaceutical firm Innovent Biologics Inc. [Bloomberg]
- **Tencent-Backed Video Site Seeks \$17 billion.** Tencent-backed Chinese startup Kuaishou is seeking to raise funds at about a \$17 billion valuation, as it expands its video-streaming service to Southeast Asia. The company is targeting around \$1 billion of financing. [Bloomberg]
- **Tencent Cracks Down on Cheats in World's Top-Selling Video Game.** Tencent Holdings Ltd. is going after the cheaters that infest PlayerUnknown's Battlegrounds as it prepares to bring the world's top-selling game to China. [Bloomberg]
- **China Mengniu Set for Record as Earnings Optimism Lifts Dairies.** China Mengniu Dairy Co. led sector advance as investors bet on solid 4Q demand and 1Q earnings getting a boost from the Lunar New Year holiday falling in February. [Bloomberg]
- **Jack Ma's Ant Wins Regulatory Approval to Resume ABS Sales.** Chinese billionaire Jack Ma's Ant Financial has won regulatory approval to sell debt backed by consumer loans, after halting such fundraising in the past month as the government stepped up curbs on micro lending. [Bloomberg]
- **BNP Sees Value in India Equities Even After Multiple Records.** By at least one measure, Indian equities look attractive relative to their regional peers even after posting new records in the new year. That's the view of BNP Paribas, which forecasts the benchmark S&P BSE Sensex to post its third annual gain in 2018, helped by a revival in company earnings and economic growth. [Bloomberg]
- **BP to Take \$1.7bn Charge on Deepwater Horizon Claims Closure.** BP expects to book a post-tax non-operating charge of around \$1.7bn in 4Q17 for the remaining business economic loss and other claims associated with the court supervised settlement program established as part of the Deepwater Horizon class action settlement. [Bloomberg]
- **Online retailer JD.com follows Amazon's footsteps with own brand selling household basics.** JD.com has introduced its own brand offering products from suitcases to bath towels, putting the online retailer in direct competition with the manufacturers that sell their products through its platform. [SCMP]
- **HNA's Tianjin Tianhai says it needs a month to restructure its assets as pressure mounts on debt-ridden parent.** Tianjin Tianhai Investment, a subsidiary of HNA Group, said on Tuesday it is making plans over the next month for a major asset restructuring, under the direction of its debt-ridden parent. [SCMP]
- **Google says 'no changes' to mapping service in China.** Google has denied bringing back its mapping service to China, following a report on Tuesday that the US internet search giant is making it available again in the world's second-largest economy. [SCMP]
- **Alibaba's AI beats humans in reading test.** Artificial intelligence programs built by China's e-commerce titan Alibaba scored better than humans on a Stanford University reading and comprehension test. "This is the first time that a machine has outperformed humans on such a test," Alibaba said in a statement. [China Daily]
- **Airbus global delivery reaches record high of 718 in 2017.** Airbus has seen a new company record of 718 commercial aircraft deliveries to 85 customers worldwide in 2017, according to Airbus China. The European aviation giant has seen its global deliveries more than 4 percent higher than its previous record of 688 in 2016. [China Daily]
- **China's JD.com targets \$2b fundraising at logistics unit.** China's second-biggest e-commerce firm JD.com has kicked off a fundraising round at its logistics unit with a target of at least \$2 billion, and eventually plans to list the business overseas. [China Daily]

V. Overnight Market Recap

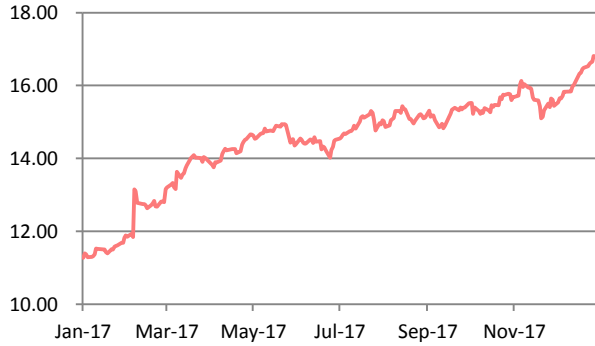
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,776	(9.8)	(0.4)	1.0	3.8	8.7	12.9	22.1	3.8
	Dow Jones	25,793	(10.3)	(0.0)	2.0	4.6	12.8	19.2	29.7	4.3
	Nasdaq Composite	7,224	(37.4)	(0.5)	0.9	4.1	9.4	14.4	29.6	4.6
	Russell 2000	1,573	(19.0)	(1.2)	0.7	2.8	4.7	10.1	14.6	2.4
	VIX Index	11.66	1.5	14.8	22.5	23.8	21.3	22.6	3.8	5.6
Europe Equity	Euro Stoxx 50	3,622	10.2	0.3	(0.0)	1.7	0.4	3.0	10.3	3.4
	DAX	13,246	45.8	0.3	(1.0)	1.1	1.9	5.2	14.8	2.5
	CAC	5,514	4.1	0.1	(0.2)	3.1	2.8	5.4	13.5	3.8
	FTSE 100	7,756	(13.2)	(0.2)	0.3	3.5	3.2	4.8	7.4	0.9
APAC Equity	HSI	31,905	565.9	1.8	2.9	10.6	11.2	20.5	39.7	6.6
	HSCEI	12,787	316.9	2.5	4.3	12.5	10.5	18.6	31.8	9.2
	HSI VIX	14.16	0.4	2.8	5.8	(5.2)	4.9	6.5	(0.1)	(3.0)
	CSI 300	4,258	33.2	0.8	1.7	7.0	8.8	16.2	28.0	5.6
	SH Composite	3,437	26.1	0.8	0.7	5.2	1.9	8.2	10.5	3.9
	SZ Composite	1,928	13.8	0.7	(1.3)	1.4	(4.0)	7.1	2.9	1.5
	Nikkei 225	23,952	236.9	1.0	0.4	6.2	12.3	19.1	27.3	5.2
Commodities (USD)	KOSPI	2,522	18.0	0.7	0.5	1.6	1.5	4.0	21.7	2.2
	Brent (Future)	69.15	(1.1)	(1.6)	0.5	9.4	19.6	41.4	23.8	3.4
	WTI (Future)	63.73	(0.6)	(0.9)	3.2	11.5	23.1	38.8	21.7	5.7
	Gold	1,338	(1.6)	(0.1)	2.0	6.1	4.2	8.6	10.1	2.8
	Copper (Future)	7,210	100.0	1.4	1.2	4.7	4.8	21.7	22.0	(0.5)
FX	Baltic Dry Index	1,264.00	(15.0)	(1.2)	(9.4)	(21.9)	(17.0)	40.4	36.6	(7.5)
	Dollar Index	90.97	(0.6)	(0.6)	(2.3)	(3.8)	(3.1)	(5.0)	(10.7)	(1.9)
	EUR	1.23	(0.0)	(0.0)	2.7	4.1	4.2	6.8	14.5	2.2
	JPY	110.45	(0.1)	(0.1)	(2.0)	2.0	1.7	2.1	2.1	2.1
	CNY	6.44	0.0	(0.1)	1.3	2.7	2.3	5.1	7.1	1.0
CDS	CNH	6.44	0.0	0.1	(1.5)	2.7	2.6	5.1	5.7	1.2
	ChinaGov CDS	47.24	(0.0)	(0.1)	8.3	(10.1)	(16.3)	(28.6)	(58.3)	(5.7)
	CDX Emerging Market	99.53	(0.0)	(0.0)	0.1	0.6	3.2	4.0	5.8	0.4

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.42	(0.0)	(1.2)	1.4	1.3	1.1	1.1	0.5	1.4
	2-Year Treasury Yield	2.01	0.0	0.8	2.0	1.8	1.6	1.4	1.2	1.9
	5-Year Treasury Yield	2.35	0.0	0.2	2.3	2.2	2.0	1.8	1.8	2.2
	10-Year Treasury Yield	2.54	(0.0)	(0.4)	2.6	2.4	2.3	2.3	2.3	2.4
	2-10 Spread	51.88	(2.6)	(4.7)	58.0	56.2	77.9	90.9	117.1	51.8
China rates	O/N China Repo Rate	2.81	(0.4)	(12.2)	2.7	2.7	2.3	2.8	2.6	3.0
	1-Week China Repo Rate	3.40	(0.1)	(2.6)	3.1	3.5	2.7	3.4	2.4	3.1
	O/N SHIBOR	2.79	(0.0)	(0.3)	2.6	2.7	2.6	2.7	2.3	2.8
	1-Week SHIBOR	2.88	0.0	0.7	2.8	2.9	2.8	2.8	2.5	3.0

Source: Bloomberg

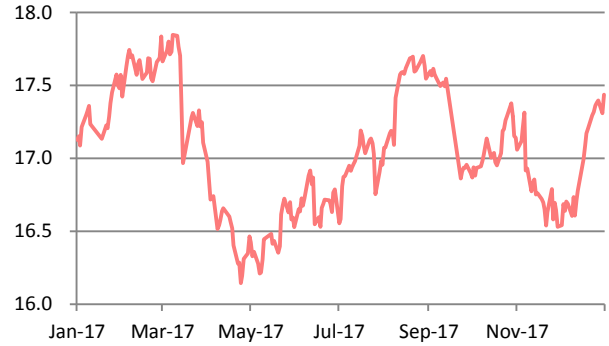
VI. Key Indicators

Hang Seng Index PE Ratio



Source: Bloomberg

Shanghai Composite Index PE Ratio



Source: Bloomberg

China 5Y CDS Index_USD



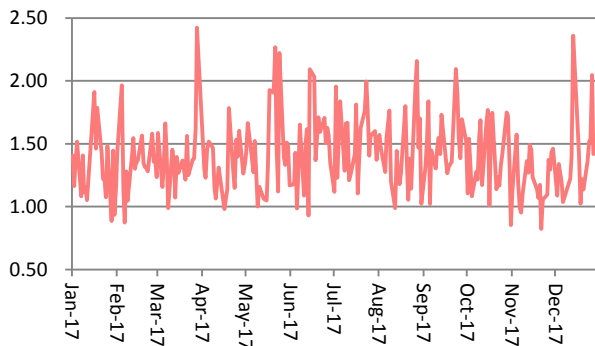
Source: Bloomberg

Hang Seng Index VIX



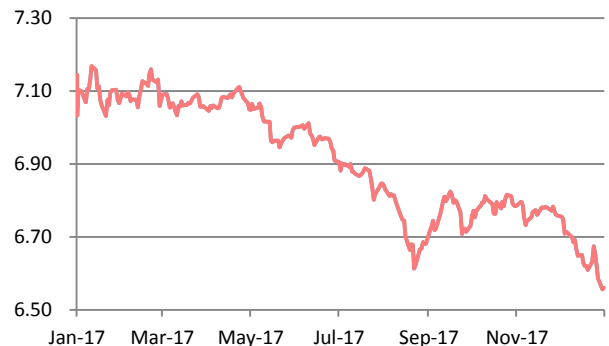
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

Research

LIU Taisheng, Steven

TMT
(852) 3465 5652
stevenliu@csci.hk

SO Lai Shan, Jennifer

Consumer
(852) 3465 5781
jenniferso@csci.hk

CHAN Ka Yeung, Duncan

Commodity
(852) 3465 5654
duncanchan@csci.hk

TIAN Yang

Automotive
(852) 3465 5775
tianyong@csci.hk

SUN Lingxiao, Roger

Industrials
(852) 3465 5785
rogersun@csci.hk

YAO Xue, Snowy

(852) 3465 5675
snowyyao@csci.hk

SHEN Xiangfei, Thomas

(852) 3465 8689
thomasshen@csci.hk

XU Qiwen

(852) 3465 8690
xuqiwen@csci.hk

Institutional Sales & Trading

XIANG Xinrong, Ron

(852) 3465 5633
ronxiang@csci.hk

HO Wen Hao, Jack

(852) 3465 5685
jackho@csci.hk

WANG Zhuo, Gary

(852) 3465 8655
wangzhuo@csci.hk

LEE Ying Ju, Rose

(852) 3465 5707
roselee@csci.hk

XIA Tian

(852) 3465 5670
xiatian@csci.hk

XU Xiaowei, Vincent

(852) 3465 5795
vincentxu@csci.hk

Disclosure of Interests

As of the date of this report,

1. The research analysts primarily responsible for the preparation of all or part of this report hereby certify that:
 - (i) the views expressed in this research report accurately reflect the personal views of each such analyst about the subject securities and issuers; and
 - (ii) no part of the analyst's compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.
2. The research analysts primarily responsible for the preparation of all or part of this report, or his/her associate(s), do not have any interest (including any direct or indirect ownership of securities, arrangement for financial accommodation or serving as an officer) in any company mentioned in this report,
3. This report has been produced in its entirety by China Securities (International) Brokerage Company Limited ("China Securities (International)") (CE Number: BAU373, regulated by the Securities and Futures Commission in Hong Kong)
4. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities have no financial interest, in aggregate, equal to or more than 1% of the market capitalization in the stocks reviewed in this report.
5. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities may receive compensation from or mandates for investment banking services in the past 12 months from listed corporations whose stocks are being reviewed by China Securities (International) in this report.
6. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities do not have any individual employed by or associated with them serving as an officer of a listed corporation whose stocks are being reviewed by China Securities (International) in this report.
7. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities may act as the market makers in the stocks reviewed by China Securities (International) in this report.

Disclaimer

This report is for information purposes only and should not be construed as an offer to sell or to solicitation of an offer to buy or sell any securities in any jurisdiction. The securities referred to in this research report may not be eligible for sale in some jurisdictions. This information contained in this report has been compiled by China Securities (International) from sources that it believes to be reliable and the opinions, analysis, forecasts, projections and expectations contained in this report are based on such information and are expressions of belief only and no representation, warranty or guarantee is made or given by China Securities (International) or any its accuracy or completeness. All opinions and estimates expressed in this report are (unless otherwise indicated) entirely those of China Securities (International) as of the date of this report only and are subject to change without notice. Such opinions and estimates may be different from or contrary to the opinions presented by the other business departments, units or affiliates of China Securities (International), as different assumptions and standards, different views and analytical methods may be adopted in the preparation of such other materials, and China Securities (International) is under no obligation to bring such other materials to the attention of any recipient of this report. Neither China Securities (International) nor its holding companies and affiliates accept any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report or otherwise arising in connection therewith.

Any investment referred to herein may involve significant risk, may be illiquid and may not be suitable for all investors. The value of or income from any investment referred to herein may fluctuate and be affected by changes in exchange rates. Past performance is not indicative of future results. This report does not take into account the investment objectives, financial situation or particular needs of any particular person. Investors are expected to make their own investment decision without relying on this publication. Before entering into any transactions in any securities referred to in this research report investor should consider their own individual investment objectives and financial situation and seek professional financial, tax and legal advice, as necessary.

This report is strictly confidential to the recipient. It is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. The distribution of this report in other jurisdictions may be restricted by law, and persons into whose possession this report comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions.

China Securities (International) Research

18/F, Two Exchange Square, Central, Hong Kong

Tel: (852) 34655600 Fax: (852)21809495